

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6243**

**BILL NUMBER:** HB 1627

**DATE PREPARED:** Feb 15, 2001

**BILL AMENDED:** Feb 14, 2001

**SUBJECT:** County corrections district.

**FISCAL ANALYST:** Bob Sigalow

**PHONE NUMBER:** 232-9859

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill allows two or more contiguous counties to create a corrections district to provide correctional facilities and correctional services for the area within the district and it provides for administration of the district. The bill allows the district to impose a uniform tax rate levy on all property within the district. It also removes the tax levy for the corrections district from the ad valorem property tax levy limits imposed on civil taxing units. (The introduced version of this bill was prepared by the County Government Study Commission.)

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** If the overall property tax levy rises as a result of this bill as explained below, then the state's expense for Property Tax Replacement Credits (PTRC) and Homestead Credits would also increase. The amount of the potential increase is not known and is dependent on local action. PTRC and Homestead Credits are paid from the Property Tax Replacement Fund (PTRF) which is annually supplemented by the state General Fund. Any additional PTRF expenditures would ultimately come from the General Fund.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** This bill would allow two or more contiguous counties to form a county corrections district. A district would be able to enter into an agreement with participating units to provide a jail, jail services, community corrections, probation services, and substance offender services.

Under the proposal, a district's proposed budget would have to be submitted to the fiscal body each participating unit. Each district would be permitted to levy property taxes at a uniform rate on all property in the district. If the district's tax levy is insufficient to cover the correctional services costs within the district, then a participating unit may transfer available funds to the district to cover those costs. If such a

transfer is made, then the district's levy would be increased by the amount of the transfer and the unit that made the transfer would be entitled to reimbursement. Conversely, if the levy exceeds costs, then the surplus would be used to offset the following year's district levy.

This bill requires the participating units' corrections levies to be reduced by the amount of the unit's corrections levy in the year prior to joining the district. A participating unit's debt levy for corrections would not be affected. That levy would continue until the debt is satisfied. The bill requires the State Tax Board to verify that there is no duplication of tax levies for correctional services.

The initial imposition of the district's levy coupled with the reduction of the participating units' corrections levies would result in a transfer of levy authority from the participating units to the district with no overall change in the property tax levy. However, the provision that (1) allows a transfer to cover district deficits and (2) subsequently allows a levy increase to provide reimbursement would allow overall property tax levies to increase.

The formation of the district could decrease costs associated with corrections because resources can be shared over a larger area. However, since the property tax levy could be increased, the actual fiscal impact would depend on local action

**Explanation of Local Revenues:** See Local Expenditures.

**State Agencies Affected:** State Board of Tax Commissioners.

**Local Agencies Affected:** Counties.

**Information Sources:**